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Proposed programme budget for the biennium 2008-2009

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Resource requirements for procurement investigations

Report of the Secretary-General

Summary

The present report addresses interim arrangements for the Procurement Task Force. The Office of Internal Oversight Services has reported on the activities of the Task Force for the 18-month period ended 30 June 2007 (A/62/272). As indicated in that report, it is unlikely that the pending investigations being handled by the Task Force will be completed by the end of 2007. Consequently, the present report proposes interim arrangements for the Task Force for 2008 pending the finalization and review of proposals to strengthen the Investigations Division of the Office of Internal Oversight Services.

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I. Introduction

1. The Procurement Task Force of the Office of Internal Oversight Services (OIOS) was established in January 2006. The Office has reported on the activities of the Task Force for the 18-month period ended 30 June 2007 (A/62/272). As indicated in that report, the Task Force investigates all procurement-related cases involving procurement bidding exercises, procurement staff and vendors doing business with the United Nations. The Task Force operates as part of OIOS and reports directly to the Under-Secretary-General for Internal Oversight Services.

2. While the Procurement Task Force was intended as an interim ad hoc entity established to address a particular problem, it is unlikely that the pending investigations being handled by the Task Force will be completed by the end of 2007. It is expected that revised estimates under the programme budget for 2008-2009 for the Office of Internal Oversight Services will be submitted to the General Assembly that will address the required strengthening of the investigations function within OIOS, taking into consideration recommendations resulting from the review of the Investigations Division. The incorporation of the competence of the Task Force into the overall capacity of OIOS will be reviewed in the context of finalizing proposals to be submitted to the Assembly. In the interim, the present report proposes arrangements for the Procurement Task Force for 2008.

II. Workplan of the Procurement Task Force for 2008

3. As indicated above, the activities of the Procurement Task Force for the 18-month period ended 30 June 2007 have been detailed in a report of the Office of Internal Oversight Services. The Procurement Task Force has now turned its full attention to large contracts in the peacekeeping missions and other large-scale matters at Headquarters. Experience has shown that investigations of large and complex procurement contracts are time-consuming. Furthermore, the investigation of such cases requires investigators with special skills, background and experience in the investigation of fraud, corruption and economic crimes. OIOS has assembled a highly specialized team with the requisite staff skills and competencies that has proven itself.

4. Accordingly, arrangements are required to maintain the investigative capacity of the Task Force during 2008 to handle existing caseload, pending the review of proposals to strengthen the Investigations Division. At the same time, it is envisioned that a basic forensic capacity will be established within the Task Force during the period. OIOS estimates that this will limit requirements for the external engagement of forensic expertise and will lead to significant economies in the long term.

III. Cost estimates for 2008

5. It is recalled that, following the creation of the Procurement Task Force, the Secretary-General reported in December 2006 on the ad hoc arrangements that had been put in place to support the activities of the Procurement Task Force (A/61/603). At that time it was noted that it was expected that the work of the Task Force would be concluded on 31 December 2007, with any residual cases still to be

investigated to be handled as part of the regular caseload of the Investigations Division during the biennium 2008-2009. Furthermore, it was indicated that given the nature and scope of its activities, charges for the Procurement Task Force would be apportioned between the peacekeeping budgets and the regular budget on the basis of the nature of the cases and would be dealt with in the context of the related performance reports. Consequently, no additional appropriation was requested at that time.

6. In the light of the current situation as reported by OIOS (A/62/272), interim arrangements are required to provide for the activities of the Task Force beyond the end of the biennium 2006-2007. Consequently, it is proposed that the activities of the Task Force for 2008 be carried out drawing, to the extent possible, on the established staffing table of the Investigations Division of the Office of Internal Oversight Services. Vacant posts would be utilized pending the long-term recruitment of staff against such posts. Operational costs would be absorbed to the greatest extent possible, and the outcome of those efforts would be reported in the context of performance reports on the regular and peacekeeping budgets during the period. As indicated above, the incorporation of the competence of the Task Force into the overall capacity of OIOS for the latter half of the current biennium will be reviewed in the context of finalizing proposals to be submitted to the General Assembly for its consideration.

7. Requirements for the Procurement Task Force for 2008 are estimated at $4.9 million, which compares with expenditure of $3.7 million for 2006 and estimated expenditure of $5.1 million for 2007, as follows:

(Thousands of United States dollars)

Object of expenditure	*2006 expenditure*	*2007 estimate*	*2008 estimate*
Other staff costs	1 964.9	2 952.3	2 993.3
Travel	417.0	351.2	432.0
Consultants	237.1	132.0	—
Contractual services	698.6	1 181.3	696.0
General operating expenses	364.1	446.5	595.8
Furniture and equipment	7.7	41.2	132.9
Supplies and materials	51.4	16.5	20.0
Total	**3 740.8**	**5 121.0**	**4 870.0**

8. Out of a total estimate of $4.9 million, general temporary assistance under other staff costs represents the bulk of the requirements for the period. The amount of $3 million would provide for the continuation of the Task Force, comprising 27 positions (1 Chairman, 1 Senior Investigator, 18 Investigators, 1 Forensic Officer, 1 Associate Officer, 1 Information Technology Officer, 1 Information Manager, 1 Administrative Officer and 2 General Service (Other level) support staff). Requirements of $595,800 for general operating expenses would provide for the rental of office space, as well as communications and other operating expenses. Furniture and equipment provisions of $132,900 would cover software and other office automation equipment during the period. An estimate of $20,000 would

provide for supplies and materials. Travel and contractual services requirements are estimated at $432,000 and $696,000 respectively. Contractual services requirements include provisions for on-site training of investigators to perform basic forensic tasks such as searching and filtering data, allowing them to flexibly refine their searches in real time as results are returned, thereby reducing dependency on consultants. Consequently, these requirements take into account reduced reliance on forensic consultants.

9. As previously indicated, charges for the Procurement Task Force would be apportioned between the peacekeeping budgets and the regular budget. These charges would be shared on the basis of shares of 85 per cent for peacekeeping budgets and 15 per cent for the regular budget. On the basis of the estimates detailed above, requirements of $4,139,500 would arise under the peacekeeping budgets, and requirements of $730,500 would arise under the regular budget under section 29, Internal oversight ($627,200), and section 28D, Office of Central Support Services ($103,300) of the programme budget for the biennium 2008-2009, covering both operational requirements and office accommodation and related expenses of the Task Force.

10. The arrangements set out in the present report are temporary in nature. There is a need to ensure adequate long-term support for the investigation of irregularities in procurement and other areas. However, strengthening the investigative capacity of the Organization will require a comprehensive assessment of the appropriate arrangements required to be put in place in the long term. Such longer-term proposals will draw upon the review of enterprise risk management and the internal control framework which is currently being carried out pursuant to General Assembly resolution 61/245. Notably, steps to ensure transparency, independence and accountability in carrying out the work of the Organization are well under way with the creation of the Ethics Office and the ongoing review of the accountability framework. Accordingly, while the lessons learned from the Procurement Task Force will be fully taken into account, it is expected that forthcoming proposals to strengthen the investigative capacity of the Organization will draw upon comprehensive experience gained with respect to a much broader spectrum of issues.

IV. Recommendation

11. **The General Assembly may wish to note that the continuation of the activities of the Procurement Task Force would give rise to additional requirements of $4,139,500 under the peacekeeping budgets and requirements of $730,500 under the regular budget under section 29, Internal oversight ($627,200), and section 28D, Office of Central Support Services ($103,300), of the programme budget for the biennium 2008-2009, which would be accommodated, to the extent possible, within the appropriations for the period and would be reported in the context of performance reports.**